

SEMINAR ON EMERGING TRENDS IN FLEXIBLE PACKAGING

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CHENNAI

P.V. Narayanan
Chair Professor & Director
SIES School of Packaging
Nerul, Navi Mumbai.



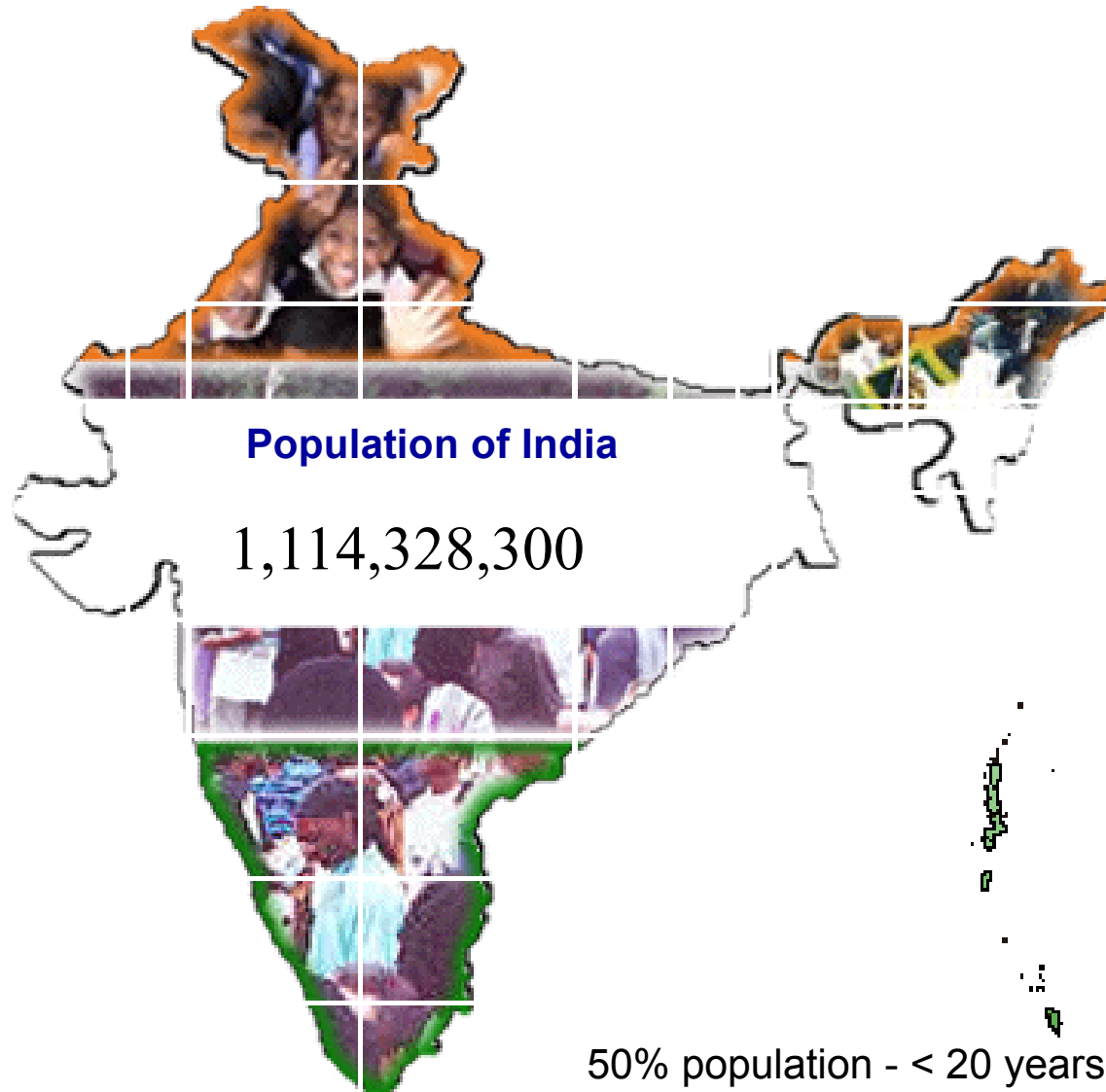
We wanted to say a lot of things,
But we decided to keep it
straight and simple



The Indian economy- trend setters
The packaging business
The retail sector
Illustrations



The Market



50% population - < 20 years

64% population <34 years



Economic Environment

4 key forces that shape the evaluation.

- Rapid sustained growth
- Liberalisation
- Demographics
- Conducive development of business environment.



Demographics & Skill base

- **Largest English speaking graduates population**
- **Youngest population**
- **Largest workforce by year 2020**
- **3rd largest number of science and engineering graduates**



India Poised to be No.2 Economy

Productivity growth (1980-90/90-2000) : 5-6%

Productivity Growth : 8% (until 2020)

By 2050, 2nd largest economy in world (ahead of US)

Since 2003-growth by structural increases



Productivity in Industry & services

~ 4 x Agriculture

60% labour force

India GDP 2007-2020 : India GDP percapita in US terms will quadruplicate

Indians will buy- 5 Times more cars

- Consume 3 x crude oil

Demographic trends – 100 ml. people will enter labour force by 2020

India has 10 of 30 fastest growing cities

India will witness rapid urbanisation

140 ml. rural will enter to urban by 2020

700 ml will urbanise by 2020

2007 to 2020- India percapita will quadruplicate

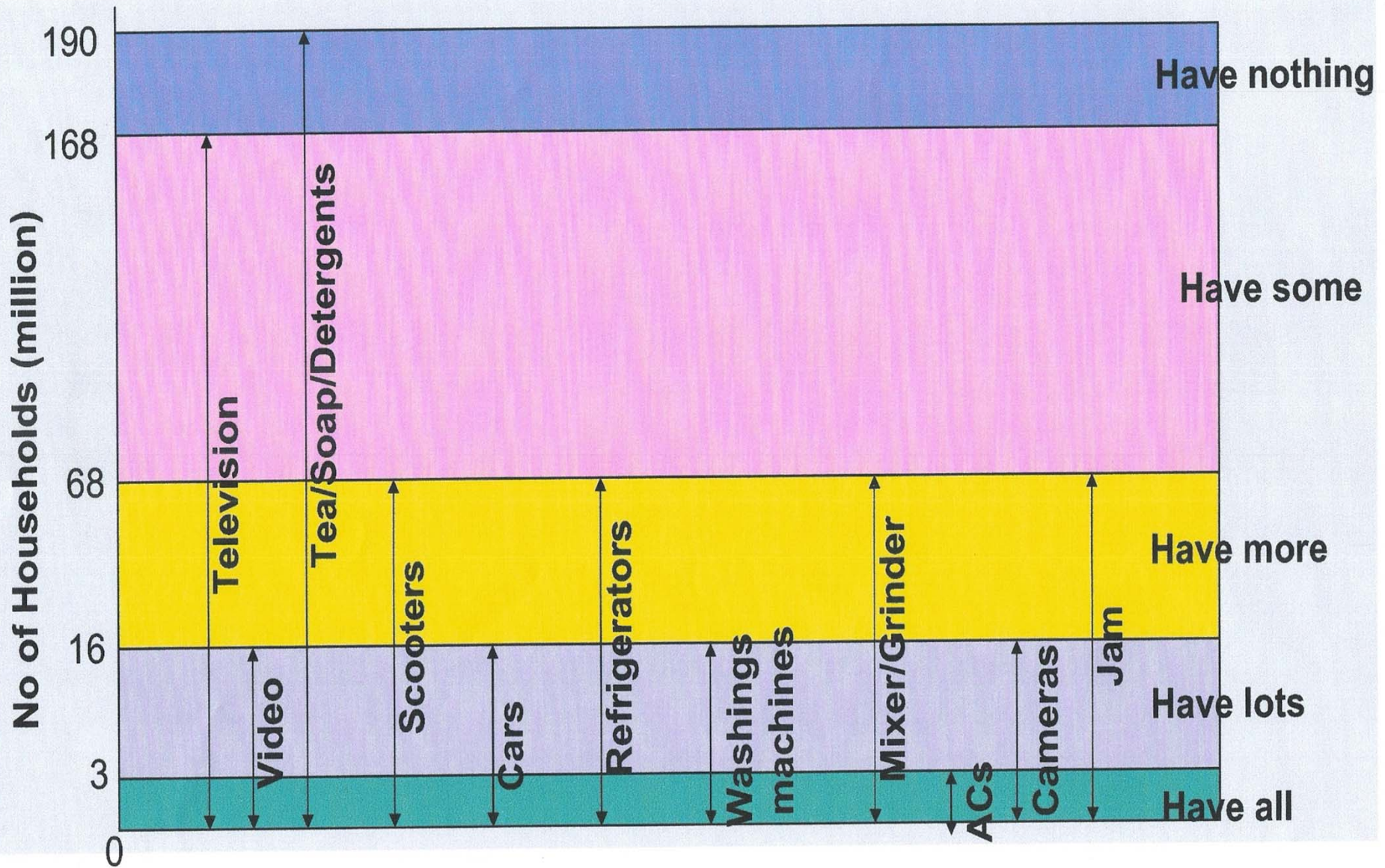


Demographics-2005

| No.of Households | Category | Annual Income USD | Monthly Income Rs. |
|------------------|--------------|---------------------|--------------------|
| 3 million | Have all | 30,000 (120,000) | 80,000 |
| 13 million | Have lots | 12,000 (18,000) | 40,000 |
| 50 million | Have more | 4,000 | 16,000 |
| 100 million | Have some | 1,500 | 6,000 |
| 30 million | Have nothing | 200 | 700 |



Consumption Categories



PACKAGING SECTOR
STATUS-TRENDS-POTENTIAL
AND
OPPORTUNITIES



GLOBAL PACKAGING BUSINESS

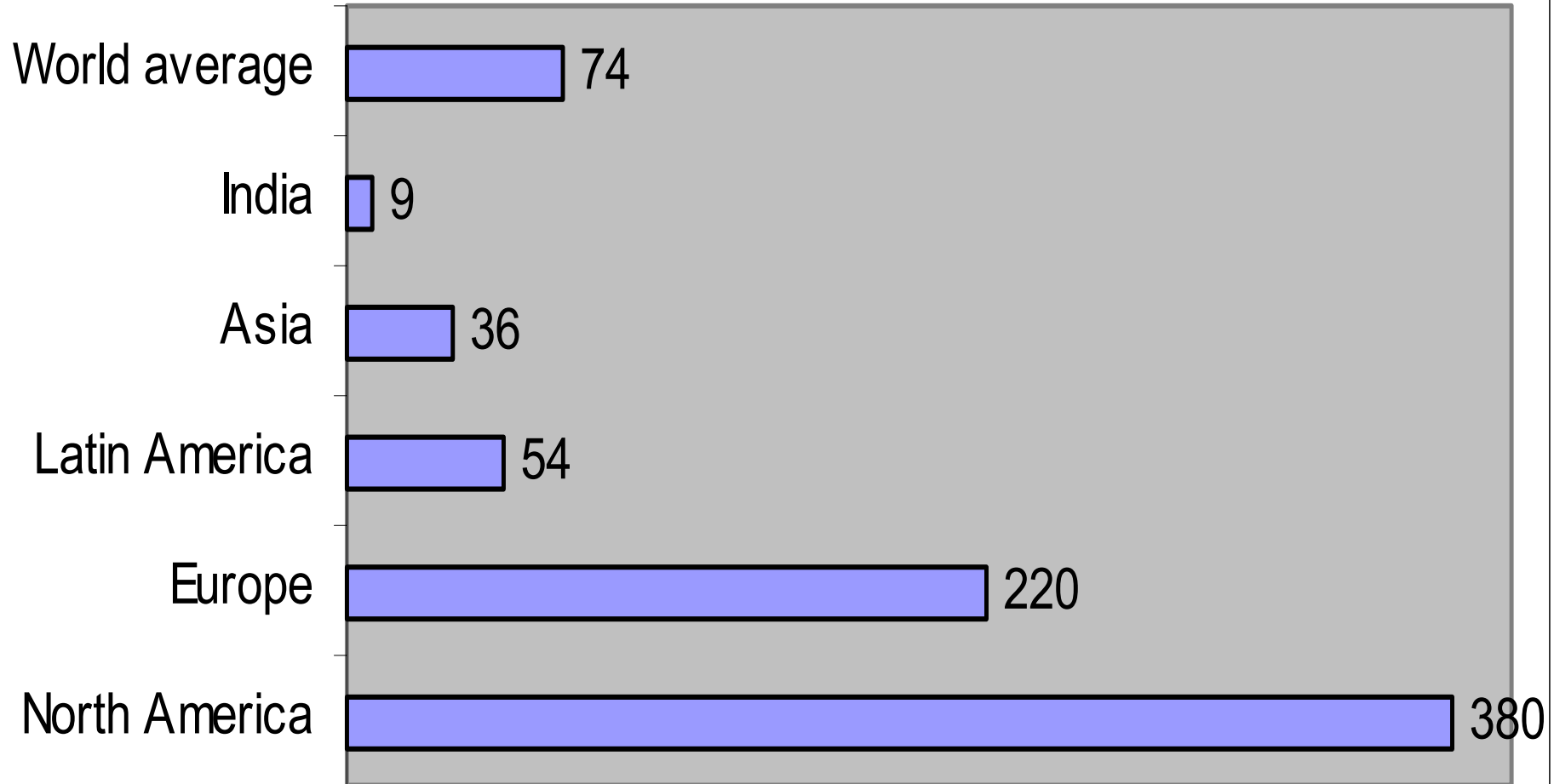
- Packaging Industry Worldwide : USD 600 Bn.
- US packaging market accounts for about 24%
- World packaging industry has been growing at a rate of 3-5% per annum
- Global packaging industry employs over 5 million people in about 100,000 companies worldwide.
- Western European packaging industry is dominated by Germany, France, Italy and U.K.
- Paper and board leads with 36% of the world market followed by Plastics.



- World packaging industry has been growing at 3-5% per annum
- Around 29% is in Asia Pacific (Australia, Japan, China are the major)
- 80% of the global packaging consumed by 20% of population
- 80% of population has access to only 20% of packaging.

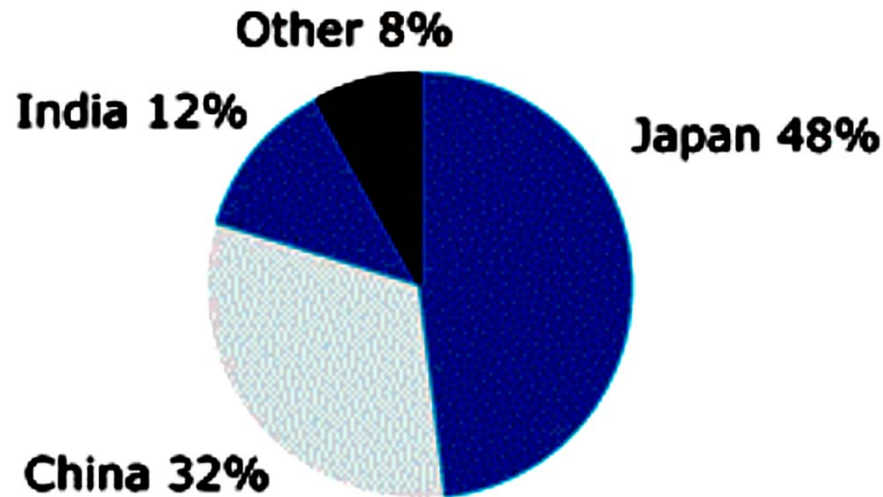


Per capita packaging consumption (US \$)



PACKAGING INDUSTRY – ASIA

- THE ASIAN PACKAGING MARKET WORTH IS ESTIMATED AS US\$ 120 BILLION .
- MACHINRY SALES AROUND \$6 BILLION



Indian Packaging Sector

1980s - 1990s

Consumption - quantum wise

- CAG
- Total
 - Flexibles
 - Folding cartons
 - Labels



PACKAGING- THE INDUSTRY -GROWTH PATTERN-

MID EIGHTIES – 4-4.5 PERCENT

MID NINETIES – 18 PERCENT

CURRENT INDEX – >12 PERCENT.



PACKAGING – CONSUMPTION PATTERN

1995 – 5 MILL.TONNES

2005 – 10.5 MILL TONNES

2010 – 21-22 MILL. TONNES

**Packaging output valued at Rs.65000 crores
DOUBLE IN 5 YEARS.**

Estimate based on- 12% average growth

5% - Fresh agri. Processing

10% - Fresh horti processing

PDS- products - To go into consumer packaging



PACKAGING CONSUMPTION PATTERN

CAG Growth - 12%

High growth - 25% Flexible

- 15-18% Folding board sector

- 20% labels (PS/Shrink sleeves)



INDUSTRY GROWTH (Percentage)

| | |
|------------------------------|-------|
| Processed foods..... | 20+ |
| Pharmaceuticals..... | 10+ |
| Healthcare | } 15 |
| Personal care... | |
| Home care..... | 8-10 |
| Engineering..... | } 10+ |
| Electronics..... | |
| Software..... | 20+ |
| Textiles..... | 7 |
| Chemicals..... | 8 |
| Consumer Durables.. | 8 |
| Toys..... | 7 |
| Incense sticks..... | 10 |
| + | |
| Consumer value added exports | |



Retail In India

Organised retail : Vital stats

Indian retail: Rs.10,000 billion

Organised retail: 3.5% of entire retail and 1.23% of GDP.

Organised retails estimated at Rs.841 billion by 2010

Presently valued at 200 bn USD

CAG 10-15%

Modern format segment

CAH estimated – 40%

By 2010- will account for 10-12 of retail/ trade

By value 30 bn USD by 2010

Top players: Pantaloon retail, AV Birla Group, Reliance Retail, Bharti Group, Subhiksha and Spinach

Share of expected investments in Indian retail in next 6-7 years (formats)

Department stores- 2%

Warehouses- 9%

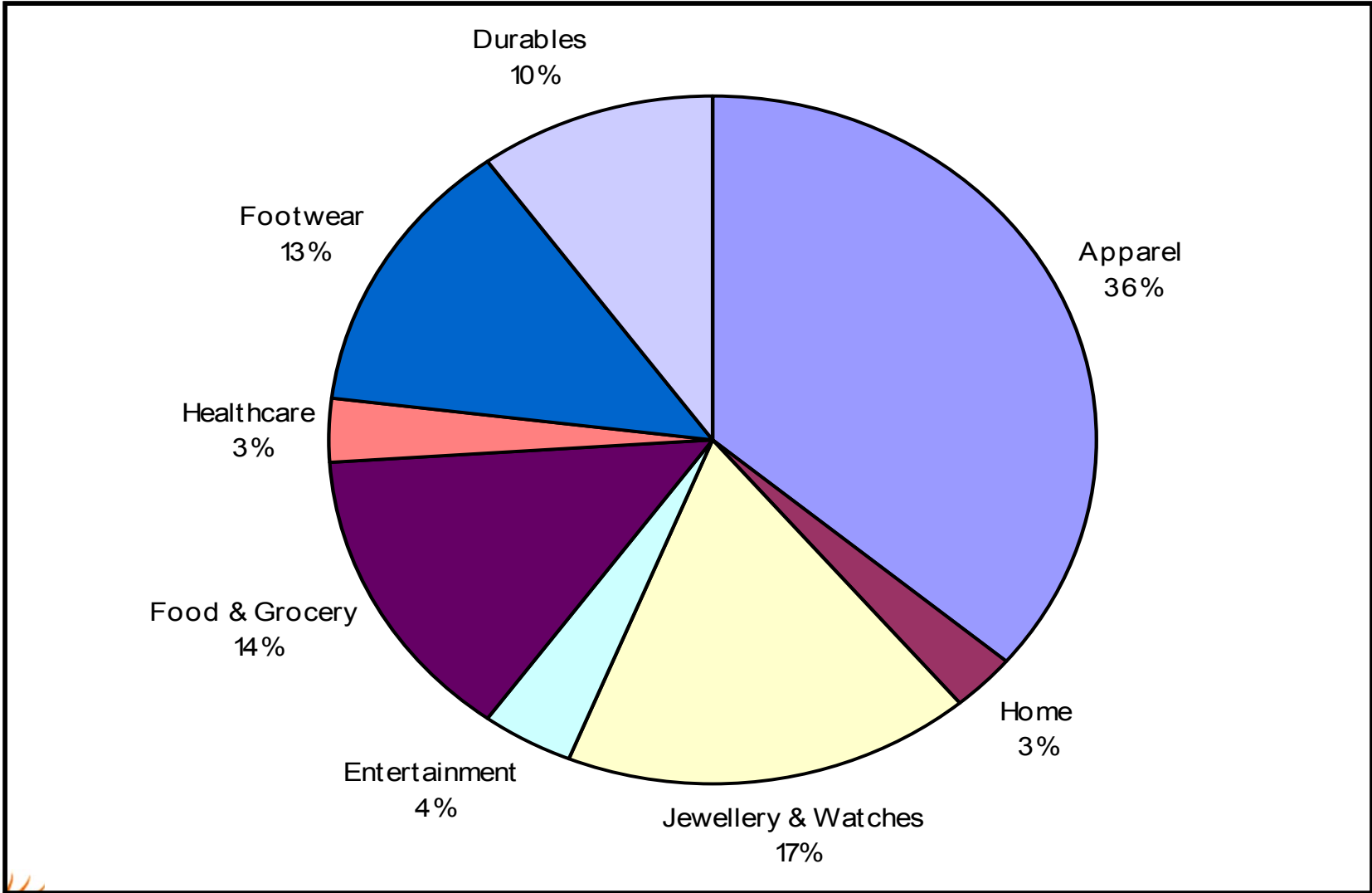
Hypermarkets- 32%

Supermarkets-33%

Others-23%



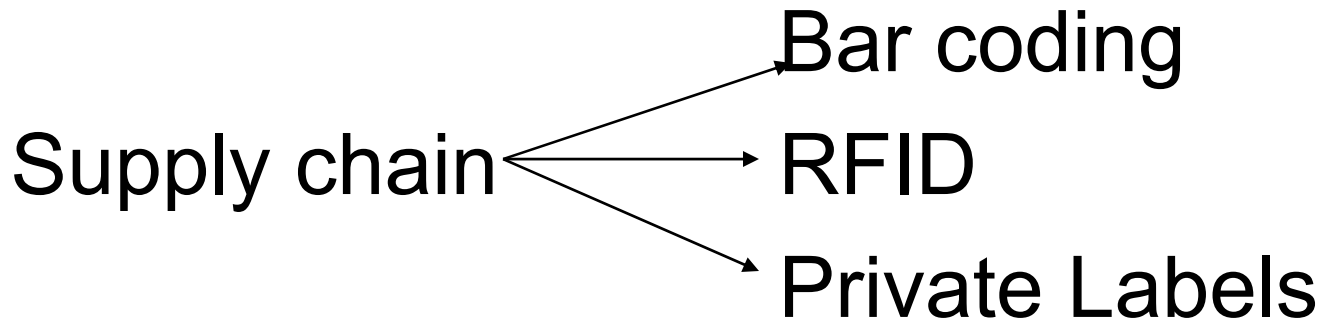
Organised Retail Pie



Retail in India

A nation of Shop keepers (12 Million)

Shopping – Modern/ sophisticated
urban and Rural



Retail In India

Indian consumer- sophisticated & modern format stores

Outward looking & fundamentally different
urbanisation vs increased exposure to
western lifestyle + habits

Modern format stores- rural India- increase in demands



Modern format retail

Impact on packaging

Farm to supermarkets- consumer packs

Supply chain efficiency → Bar coding
→ RFID
→ Automation
→ Tighter tolerances



Modern format Retail

Major changes in packaging trends

Rise in multiuse packs

Increased varieties

- Occupy more shelf space
- Offer wider choice
- More designs & shorter runs



Retail in India

Consumer/ Retail packs

Multiuse/ family packs

Product mix/ brand

Pack form/ shelf display

Food service- R to E/

R to C



Shift & trends

Trend influencers



PACKAGING SHIFTS & TRENDS

- Bulk to retail consumer packs
- Conventional to new systems
- Long shelf life vs new systems
- Ease in handling and convenience
- Ease in production and distribution
- Overall economy
- Adoption of mechanization and automation



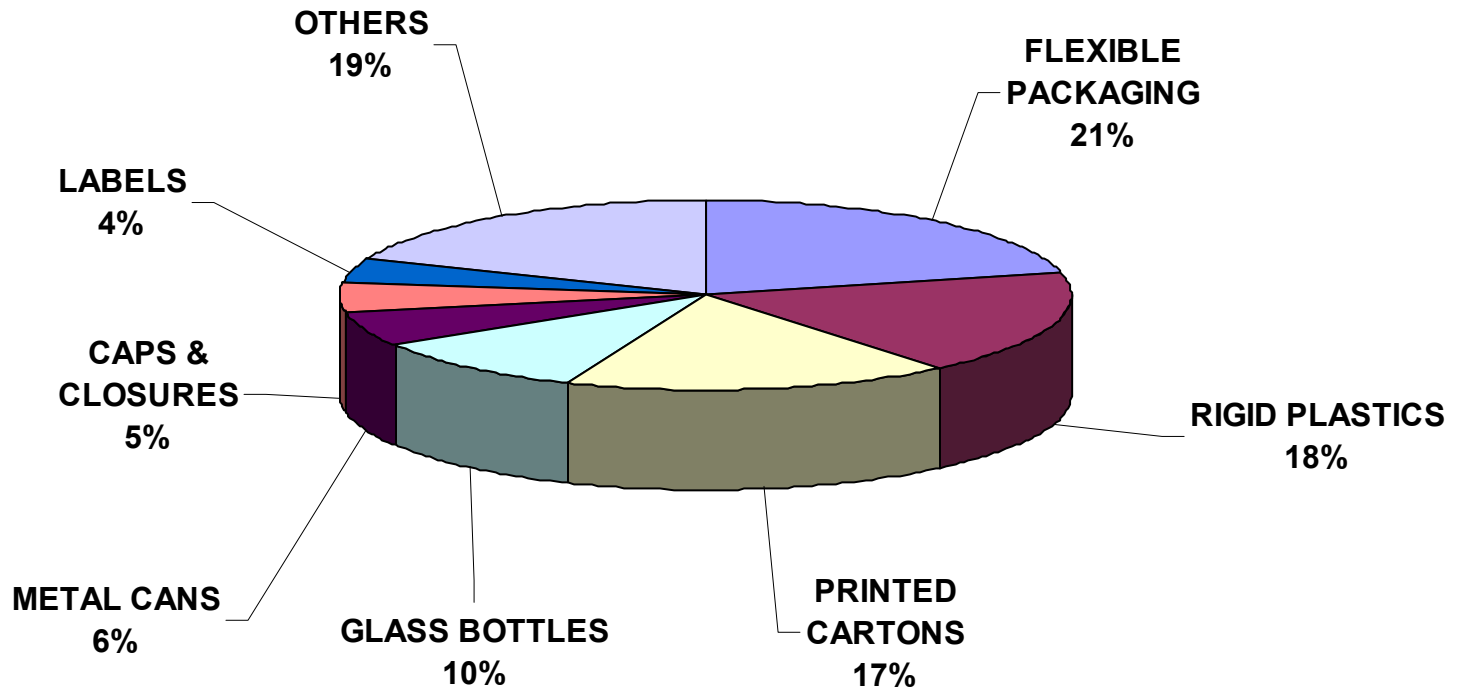
TREND INFLUENCERS

- Consumer consciousness
- Consumer convenience
Willingness to pay
- Brand Association
- Quality claim
- Value addition
- Exports



Indian Packaging The PYE

INDIAN CONSUMER PACKAGING MARKET



Flexible packaging
Basic Films
Foil
Metallised/ coated films
Speciality films
Co.ex Films
Laminates



Flexible packaging Market segments

| | |
|------------------------|------|
| Processed foods | 26.5 |
| Pan Masala | 26.0 |
| Personal care products | 22.0 |
| Beverages | 12.5 |
| Health care products | 3.7 |
| Other | 9.3 |



Flexible Packaging Demand estimates (2006-07)

| | |
|------------------------------|------------|
| Adhesive laminates | 280000 tpa |
| Co.extruded films | 177000 tpa |
| Extrusion coatings/laminates | 142000 tpa |
| Solventless lamination | 100000 tpa |
| Total | 699000 tpa |
| Growth rate | - 25% |



Development sector

Micro ovenable foods

Frozen food

Meat, meat products & marine products

Three dimensional effects

Cold seal applications

Retort/ sterilised packs

Easy seal applications

Easy Tear applications



Flexible Packaging Innovations-Trends

Reclosable pouches

Stand up pouches

Spouted pouches

Cold seal film/ pouches

Laser cut/ easy opening pouches

Flexible bottles



Flexible Packaging Innovations-Trends

Retort/ aseptic pouches

Antifog films

Holographic packs

Mini thermoformed packs

High barrier/plasma coated films

Zipper Bags

Large liner bags

Labels

Shrink sleeves



Flexible Packaging Market Drivers

Beverages/Liquids

Fruit flavoured drinks, water, Isotonic liquids

Non Food

Agrochemicals, Health & beauty products, detergents, auto/ electronic components, floriculture

Foods

Frozen foods, sauces, condiments, dry fruits, snack foods, RTC/RTE foods, powdered beverages, dry mixes, retort foods etc.



Flexible Packaging Market Drivers

PET Foods

Dry & wet pet foods

Others

Biodegradable & acqua soluble films

Medical Packaging

Single serve concept



THANK YOU

